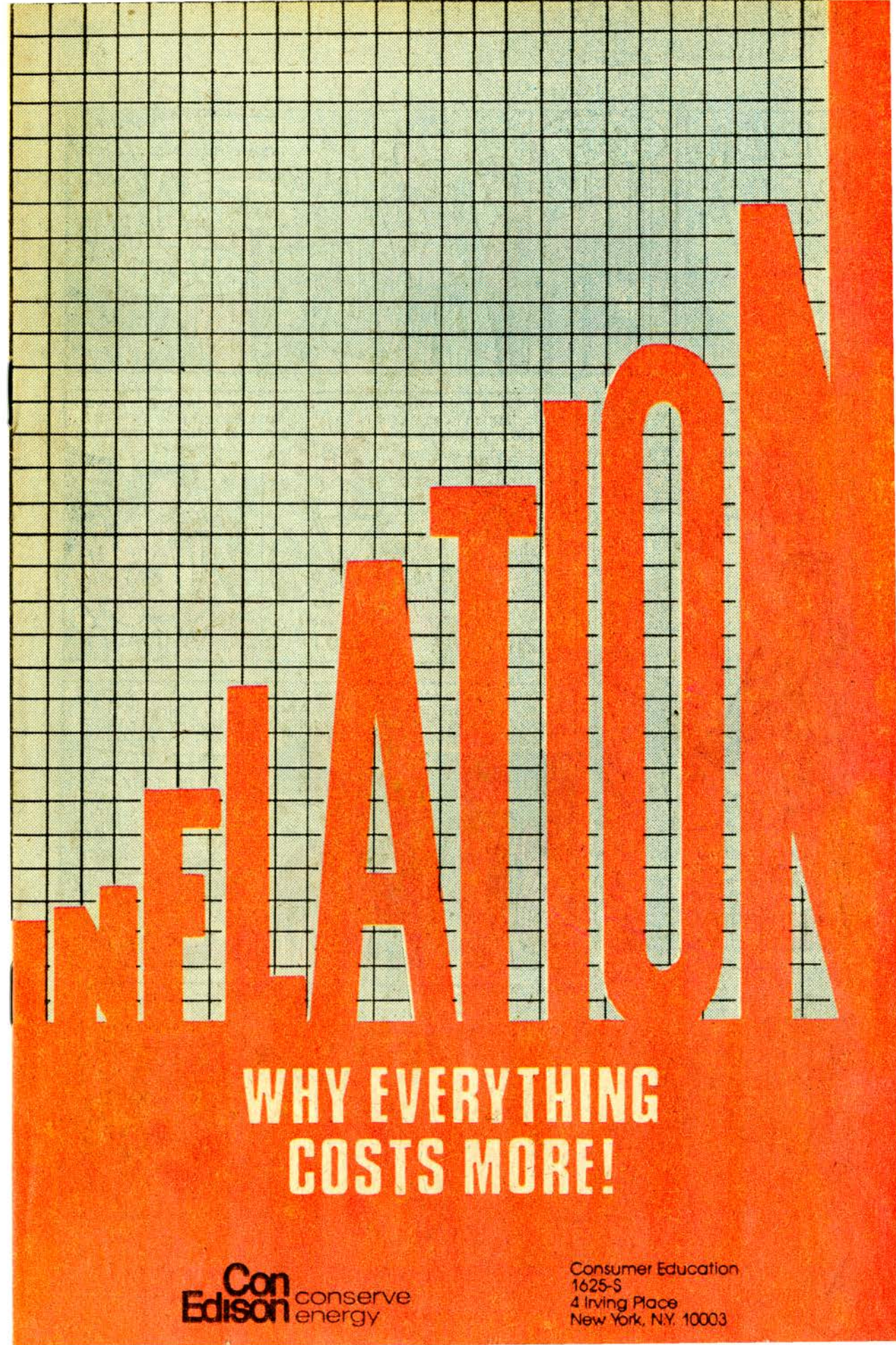

WHY EVERYTHING COSTS MORE!

Con Edison conserve energy

Consumer Education
1625-S
4 Irving Place
New York, N.Y. 10003

DEL'S Bike Shop
IS IT A TEN-SPEED?
TIRES REPAIRED
YES, MOST OF THE BETTER BIKES ARE.
IT SURE IS A BEAUTY!
IT'S A GREAT BUY AT $199.
HI, MY NAME IS JOHN PHELPS--I'M A SOCIAL STUDIES TEACHER AT CAPITAL CITY HIGH. I'VE BEEN FASCINATED BY YOUR DESCRIPTION OF THIS BIKE.
GLAD TO MEET YOU.
HOW DOES THIS BIKE'S CURRENT PRICE COMPARE TO THE PRICE IN 1970?
THE SAME BIKE WAS NO. 1 IN 1970, BUT IT ONLY COST $89.95 THEN.
$199.95
THEY ARE GREAT... MINE HAS LASTED FOR YEARS... BUT THE PRICE SURE HAS CHANGED!
10-SPEED GRAND PRIX
LATER, THE SOCIAL STUDIES CLASS IS ABOUT TO START A NEW ASSIGNMENT...
TODAY WE ARE STARTING A PROJECT ON INFLATION. WE'LL COMPARE THE 1980 PRICES OF FOUR WIDELY USED PRODUCTS WITH WHAT THEY COST IN 1970.
IT'S EASY TO RELATE TO 1980 PRICES--BUT EVERYTHING COSTS MORE TODAY. CORRECT?
TEN CENT CANDY BARS COST THIRTY CENTS NOW!
MOVIES ARE TWICE AS MUCH NOW.
GROCERIES ARE WAY OUT OF THIS WORLD!
JEANS, RECORD ALBUMS --WOW!
A 6 CENT STAMP IN 1970 COST 15 CENTS IN 1980... AND EVEN MORE NOW!
2

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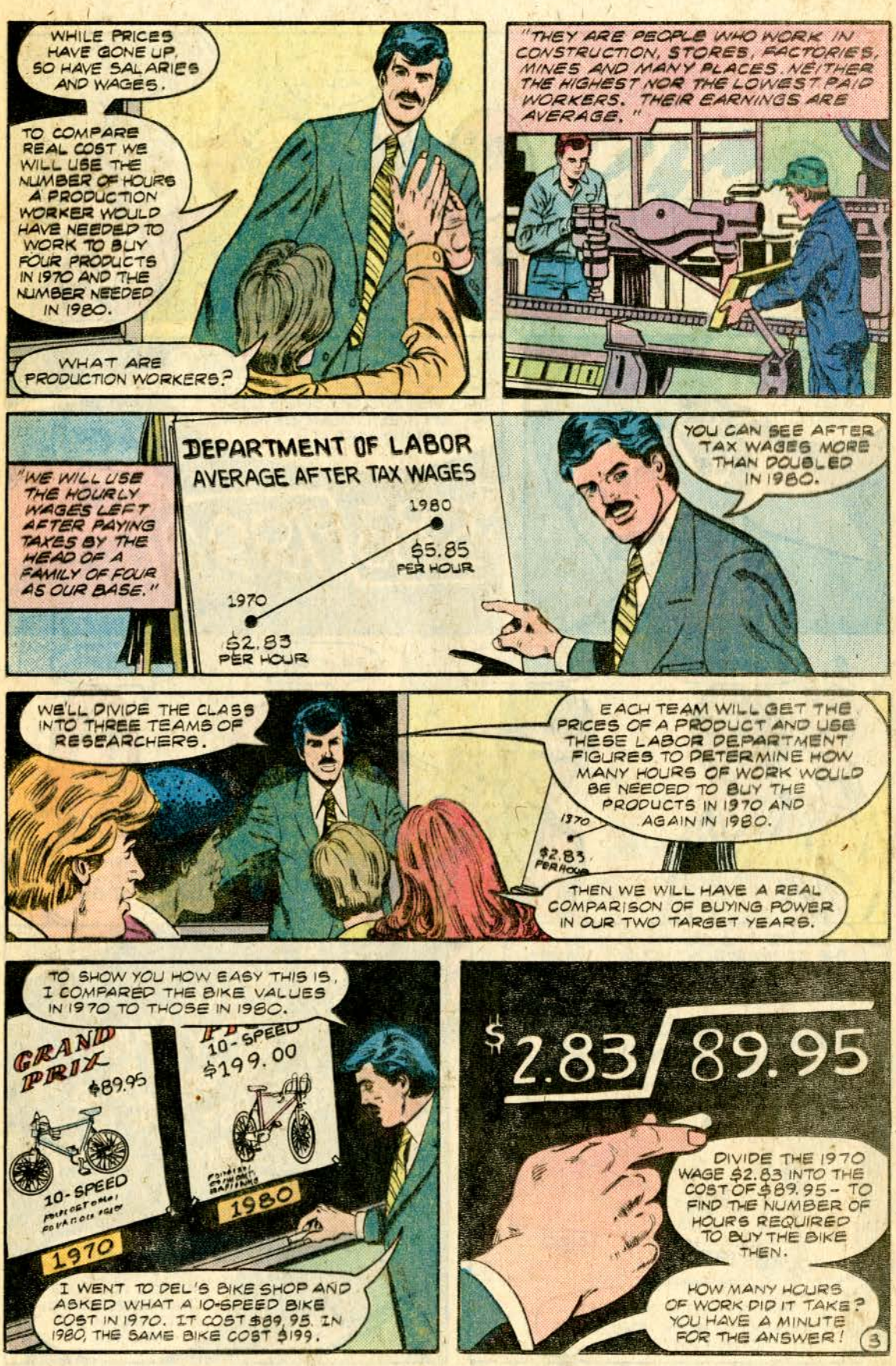
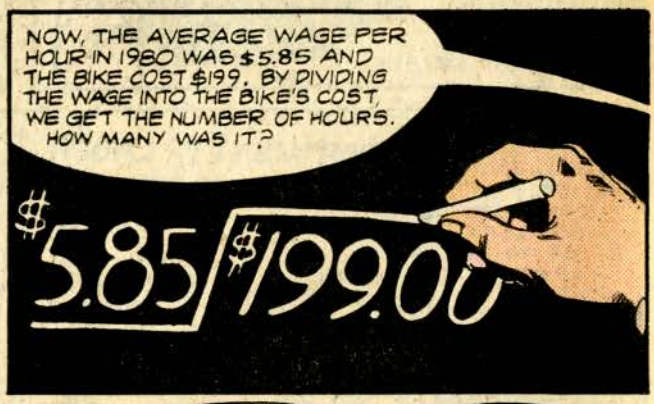
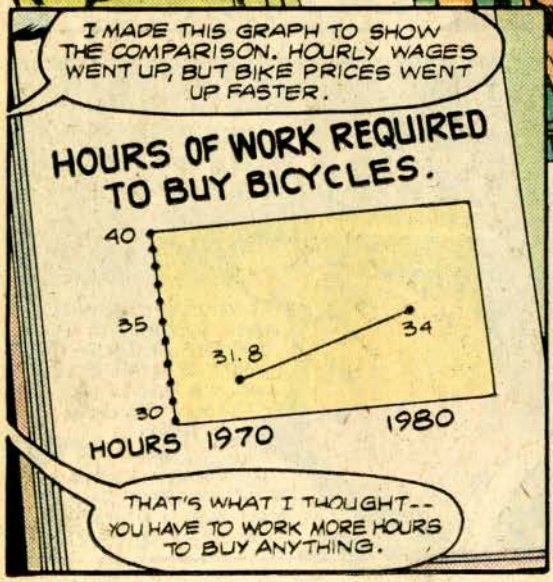

WHILE PRICES HAVE GONE UP, SO HAVE SALARIES AND WAGES.
TO COMPARE REAL COST WE WILL USE THE NUMBER OF HOURS A PRODUCTION WORKER WOULD HAVE NEEDED TO WORK TO BUY FOUR PRODUCTS IN 1970 AND THE NUMBER NEEDED IN 1980.
WHAT ARE PRODUCTION WORKERS?
"THEY ARE PEOPLE WHO WORK IN CONSTRUCTION, STORES, FACTORIES, MINES AND MANY PLACES. NEITHER THE HIGHEST NOR THE LOWEST PAID WORKERS. THEIR EARNINGS ARE AVERAGE."
"WE WILL USE THE HOURLY WAGES LEFT AFTER PAYING TAXES BY THE HEAD OF A FAMILY OF FOUR AS OUR BASE."
DEPARTMENT OF LABOR
AVERAGE AFTER TAX WAGES
1980
$5.85 PER HOUR
1970
$2.83 PER HOUR
YOU CAN SEE AFTER TAX WAGES MORE THAN DOUBLED IN 1980.
WE'LL DIVIDE THE CLASS INTO THREE TEAMS OF RESEARCHERS.
EACH TEAM WILL GET THE PRICES OF A PRODUCT AND USE THESE LABOR DEPARTMENT FIGURES TO DETERMINE HOW MANY HOURS OF WORK WOULD BE NEEDED TO BUY THE PRODUCTS IN 1970 AND AGAIN IN 1980.
1970
$2.83 PER HOUR
THEN WE WILL HAVE A REAL COMPARISON OF BUYING POWER IN OUR TWO TARGET YEARS.
TO SHOW YOU HOW EASY THIS IS, I COMPARED THE BIKE VALUES IN 1970 TO THOSE IN 1980.
GRAND PRIX
$89.95
10-SPEED
10-SPEED
$199.00
1980
1970
I WENT TO DEL'S BIKE SHOP AND ASKED WHAT A 10-SPEED BIKE COST IN 1970. IT COST $89.95. IN 1980, THE SAME BIKE COST $199.
$2.83 / 89.95
DIVIDE THE 1970 WAGE $2.83 INTO THE COST OF $89.95 - TO FIND THE NUMBER OF HOURS REQUIRED TO BUY THE BIKE THEN.
HOW MANY HOURS OF WORK DID IT TAKE? YOU HAVE A MINUTE FOR THE ANSWER!
3

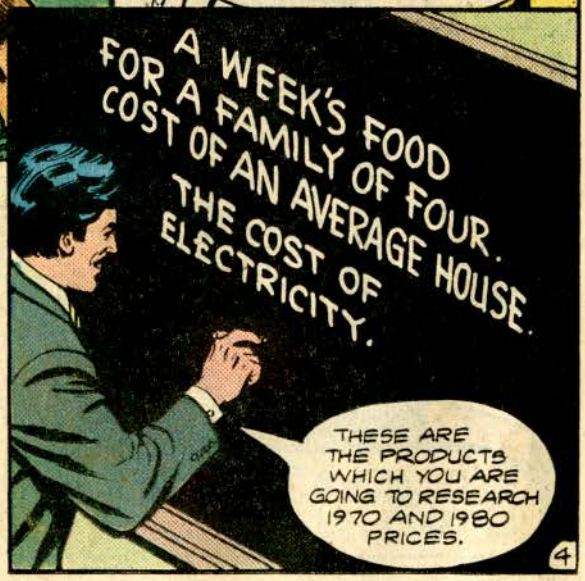
36.1 HOURS!
31.8 HOURS!
31.8 HOURS!
31.8 HOURS!

31.8 HOURS. THAT'S CORRECT, AND THREE OF YOU GOT IT FAST!


NOW, THE AVERAGE WAGE PER HOUR IN 1980 WAS $5.85 AND THE BIKE COST $199. BY DIVIDING THE WAGE INTO THE BIKE'S COST, WE GET THE NUMBER OF HOURS. HOW MANY WAS IT?
$5.85/$199.00

34 HOURS!
34 HOURS!
34 HOURS!
28 HOURS.
34 HOURS IS RIGHT! YOU HAD TO WORK MORE HOURS TO BUY THE BIKE IN 1980.


I MADE THIS GRAPH TO SHOW THE COMPARISON. HOURLY WAGES WENT UP, BUT BIKE PRICES WENT UP FASTER.
HOURS OF WORK REQUIRED TO BUY BICYCLES.
40
35
30
31.8
34
HOURS
1970
1980
THAT'S WHAT I THOUGHT-- YOU HAVE TO WORK MORE HOURS TO BUY ANYTHING.


A WEEK'S FOOD FOR A FAMILY OF FOUR.
COST OF AN AVERAGE HOUSE.
THE COST OF ELECTRICITY.
THESE ARE THE PRODUCTS WHICH YOU ARE GOING TO RESEARCH 1970 AND 1980 PRICES.

NOW FOR ASSIGNMENTS. LINDA, YOU'RE THE CAPTAIN OF ONE TEAM... YOU GET FOOD PRICES IN 1970 AND 1980.
THE DEPARTMENT OF AGRICULTURE HAS A LIST OF FOOD ITEMS THAT MAKE UP A NUTRITIOUS WEEKLY DIET FOR A FAMILY OF FOUR. GET IT AND USE IT AS THE BASE OF YOUR RESEARCH.
HAVE YOUR TEAM GO TO THE DAILY CHRONICLE AND LOOK UP THE MICROFILM COPIES FOR THE FOOD ADS IN 1970 AND 1980.
HAVE THEM LIST THE PRICES OF THE GOVERNMENT FOOD ITEMS AND TOTAL THEM UP FOR EACH YEAR.
34
$ 5.85
FRANK, YOU ARE THE TEAM CAPTAIN FOR HOUSING. GET THE COST OF AN AVERAGE HOUSE IN 1970 AND IN 1980 FROM THE STATE REALTY BOARD.
JIM, YOUR TEAM WILL CHECK THE COST OF ELECTRICITY. TALK WITH THE COMMUNITY RELATIONS DEPARTMENT AT CAPITAL ELECTRIC. THEY'LL GIVE YOU THE INFORMATION YOU NEED!
EACH TEAM MUST PREPARE A GRAPH LIKE THE ONE I DID FOR BICYCLES. DIVIDE THE HOURLY WAGES INTO THE COST OF THE ITEM.
THIS WILL SHOW THE NUMBER OF HOURS SOMEONE WORKED TO BUY THE PRODUCT IN 1980 AND 1970. ANY QUESTIONS?
NO... ALL RIGHT. THE GRAPHS ARE DUE ONE WEEK FROM TODAY.
5

ONE WEEK LATER...

IT'S BEEN INTERESTING - LOTS OF WORK, BUT IT WAS FUN GOING THROUGH OLD MICROFILMS AT THE CHRONICLE AND SEEING THOSE 1970 STYLES!

YEAH - BUT IT WOULD BE A LOT BETTER IF FRANK AND JIM COULD ONLY ADD AND SUBTRACT.

PRICES		
1970		1980
$.79	POTATOES	$1.62
.25	KETCHUP	.41
.79	HAMBURGER	1.79
.56	MILK	1.06

WE VISITED MR. YATES, THE EDITOR OF THE CHRONICLE. HE SHOWED US THE ADS FOR 1970 AND 1980 ON MICRO-FILM...

BOY, PRICES HAVE GONE UP! HERE ARE A FEW EXAMPLES...

WHY DID FOOD GO UP SO MUCH? - HAMBURGER IS UP OVER 125% - POTATOES AND MILK TOO.

IT DIDN'T COST THAT MUCH MORE TO GROW POTATOES OR FEED COWS, DID IT?

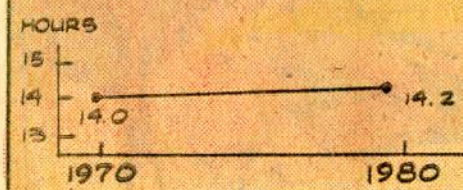
"BECAUSE INFLATION FORCED FARM PRICES UP -- FEED, FERTILIZER, FUEL, LABOR -- SO FARMERS CHARGED MORE -- AND THE SAME IS TRUE OF FOOD PROCESSORS. THE VEGETABLES AND CATTLE THEY USED COST MORE -- SO DID LABOR AND PACKAGING -- EVERYTHING!"

"AND THE SUPERMARKETS PAID MORE. THEY HAD HIGHER OPERATING COSTS, SO THEY CHARGED MORE."

"A WEEK'S FOOD FOR A FAMILY OF FOUR COSTS A LOT MORE. IT WENT FROM $39.60 IN 1970 TO $83.30 IN 1980.

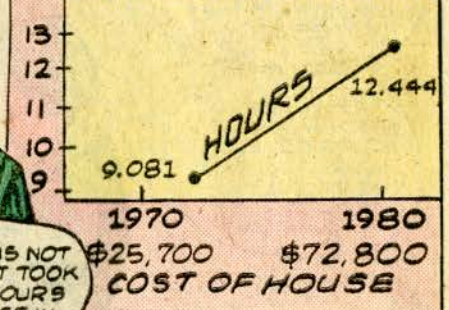
BUT BECAUSE WAGES WENT UP ALMOST AS FAST, IT TOOK ABOUT THE SAME NUMBER OF HOURS TO BUY FOOD IN 1980 AS IN 1970."

HOURS REQUIRED TO BUY ONE WEEK'S FOOD. FAMILY OF FOUR.



LINDA, YOUR TEAM DID A GOOD JOB. NOW, FRANK, TELL US ABOUT HOUSES.

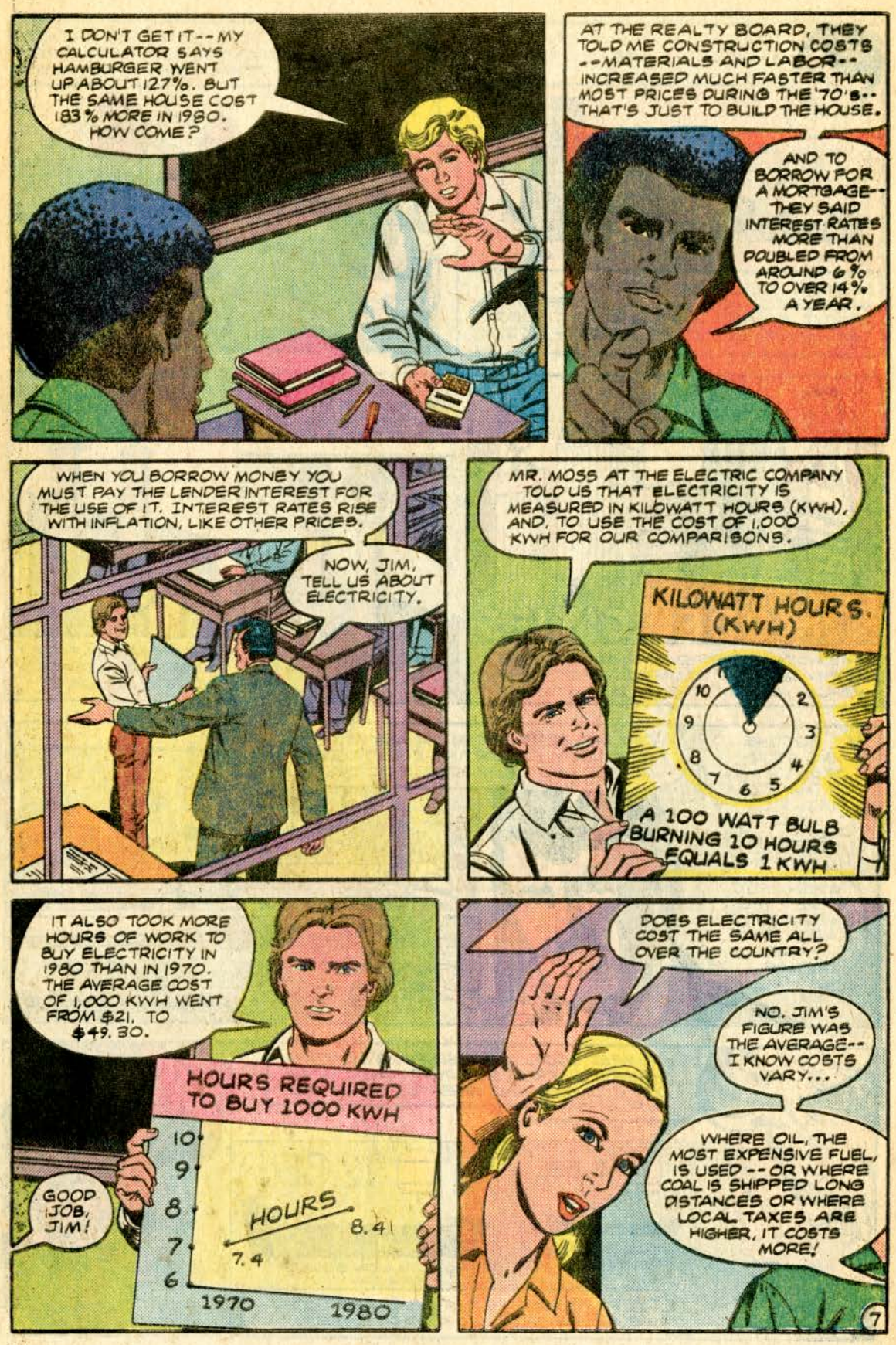
HOURS REQUIRED TO BUY A HOUSE. (IN THOUSANDS OF HOURS)



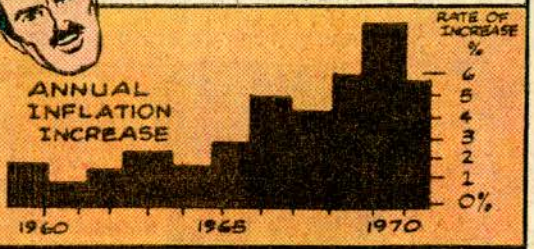
$25,700 $72,800
COST OF HOUSE

OUR REPORT IS NOT LIKE LINDA'S. IT TOOK 37% MORE HOURS TO BUY A HOUSE IN 1980 THAN IN 1970.

I FIGURED IT TOOK 22 MONTHS MORE WORK!

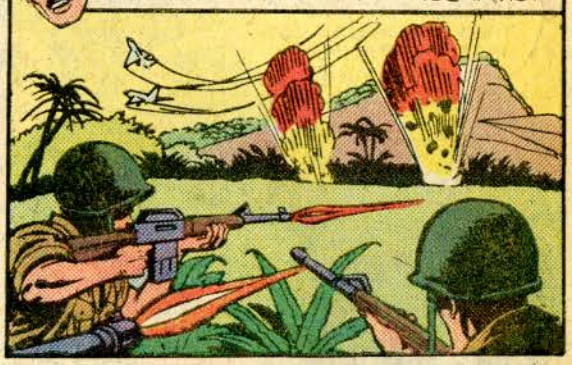

I DON'T GET IT--MY CALCULATOR SAYS HAMBURGER WENT UP ABOUT 127%. BUT THE SAME HOUSE COST 183% MORE IN 1980. HOW COME?
AT THE REALTY BOARD, THEY TOLD ME CONSTRUCTION COSTS --MATERIALS AND LABOR-- INCREASED MUCH FASTER THAN MOST PRICES DURING THE '70'S-- THAT'S JUST TO BUILD THE HOUSE.
AND TO BORROW FOR A MORTGAGE-- THEY SAID INTEREST RATES MORE THAN DOUBLED FROM AROUND 6% TO OVER 14% A YEAR.
WHEN YOU BORROW MONEY YOU MUST PAY THE LENDER INTEREST FOR THE USE OF IT. INTEREST RATES RISE WITH INFLATION, LIKE OTHER PRICES.
NOW, JIM, TELL US ABOUT ELECTRICITY.
MR. MOSS AT THE ELECTRIC COMPANY TOLD US THAT ELECTRICITY IS MEASURED IN KILOWATT HOURS (KWH), AND, TO USE THE COST OF 1,000 KWH FOR OUR COMPARISONS.
KILOWATT HOURS. (KWH)
A 100 WATT BULB BURNING 10 HOURS EQUALS 1 KWH
IT ALSO TOOK MORE HOURS OF WORK TO BUY ELECTRICITY IN 1980 THAN IN 1970. THE AVERAGE COST OF 1,000 KWH WENT FROM $21. TO $49.30.
HOURS REQUIRED TO BUY 1000 KWH
HOURS
7.4
8.41
1970
1980
GOOD JOB, JIM!
DOES ELECTRICITY COST THE SAME ALL OVER THE COUNTRY?
NO. JIM'S FIGURE WAS THE AVERAGE-- I KNOW COSTS VARY...
WHERE OIL, THE MOST EXPENSIVE FUEL, IS USED -- OR WHERE COAL IS SHIPPED LONG DISTANCES OR WHERE LOCAL TAXES ARE HIGHER, IT COSTS MORE!

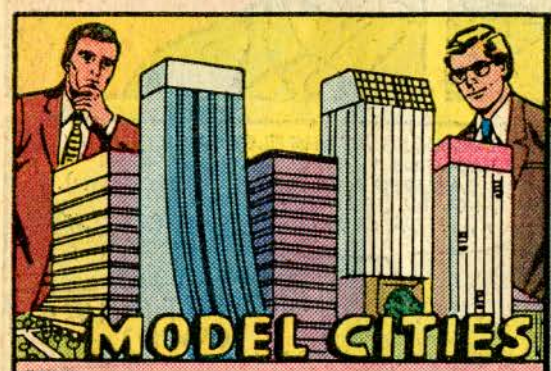
"AGAIN, INFLATION WAS AT WORK. HERE YOU CAN SEE HOW IT STARTED TO CLIMB..."



"...UNTIL 1965 IT HAD BEEN GROWING AT A MODEST 1%-2% A YEAR. SUDDENLY IN 1965 IT JUMPED TO 5% AND CONTINUED AT ABOUT THAT RATE THROUGH 1972."

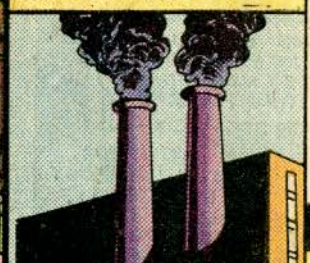
"IN THE MID '60'S THE GOVERNMENT STARTED SPENDING HEAVILY ON THE VIETNAM WAR AND MANY PROGRAMS."

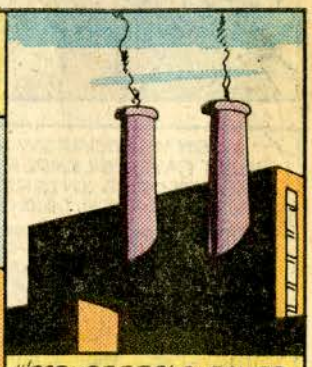




"THIS INCREASED SPENDING WITHOUT TAX INCREASES, LED TO LARGE DEFICITS AND REALLY HELPED TO FUEL INFLATION."

"NEW REGULATIONS ALSO PLAYED A PART. OFTEN THEY HAD COMMENDABLE GOALS..."





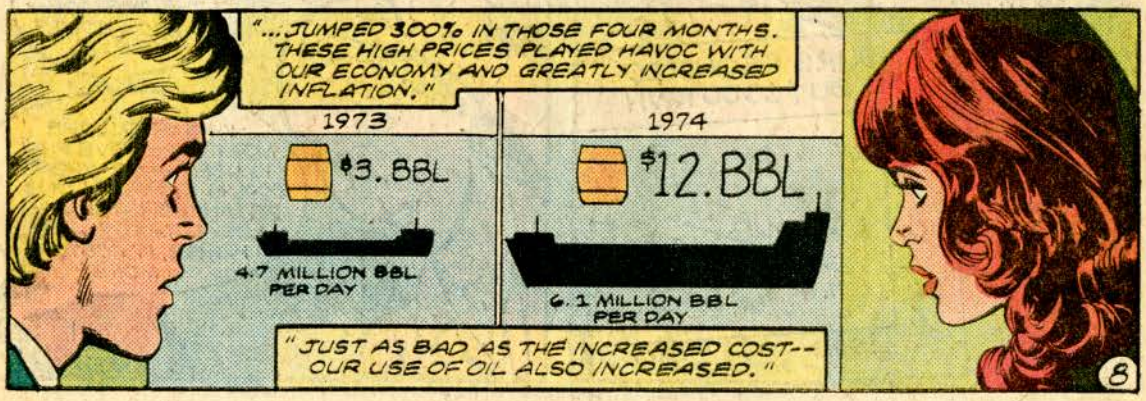
"'SCRUBBERS' CLEANED THE AIR BUT THEY ALSO DROVE UP COSTS."

BUT THE BIG STORY OF INFLATION IN THE 1970's HINGES ON OIL.

MOST MEMBERS OF THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES (OPEC) IMPOSED AN OIL EMBARGO IN OCTOBER, 1973.

WHEN OPEC ENDED THE EMBARGO IN MARCH, 1974 - THE PRICE OF OIL HAD...

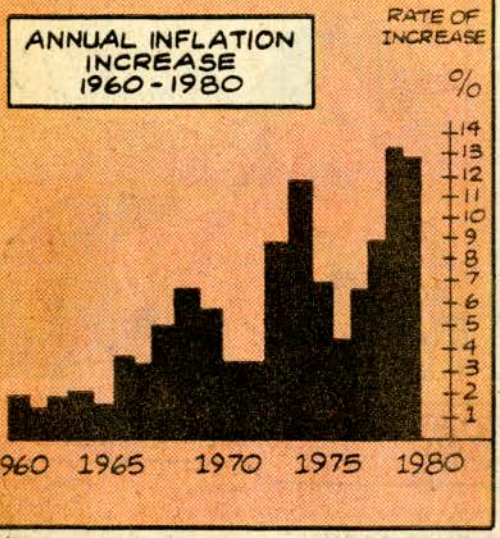
"...JUMPED 300% IN THOSE FOUR MONTHS. THESE HIGH PRICES PLAYED HAVOC WITH OUR ECONOMY AND GREATLY INCREASED INFLATION."



"JUST AS BAD AS THE INCREASED COST-- OUR USE OF OIL ALSO INCREASED."

"OIL PRICES CONTINUED TO RISE, FURTHER FUELING INFLATION."

ANNUAL INFLATION INCREASE 1960-1980

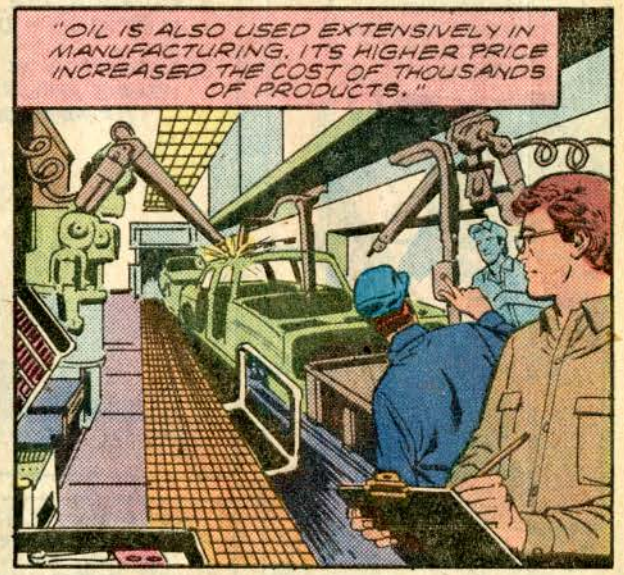


"OIL - PETROLEUM - IS ALSO USED AS A COMPONENT OF MANY PRODUCTS; RAYON, DACRON, SYNTHETIC RUBBER, PLASTICS, MANY PAINTS, GARDEN HOSES, PHONOGRAPH RECORDS, AMONG OTHERS."

"NATURALLY, THE HIGHER COST OF OIL FORCED THESE PRICES UP."

"EVEN THE PRICE OF RECORDS HAS MORE THAN DOUBLED IN THE LAST 10 YEARS."

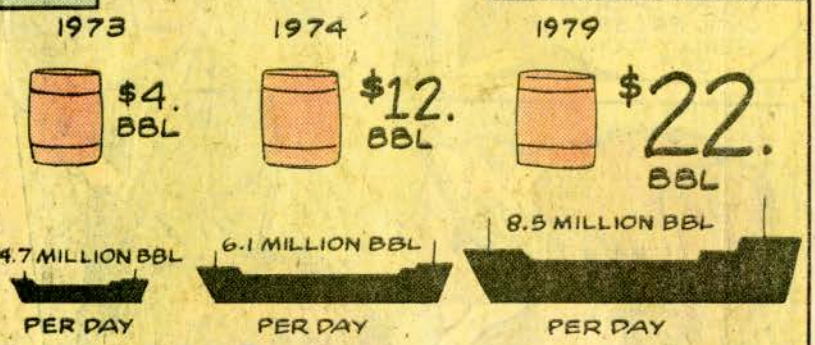
"OIL IS ALSO USED EXTENSIVELY IN MANUFACTURING. ITS HIGHER PRICE INCREASED THE COST OF THOUSANDS OF PRODUCTS."



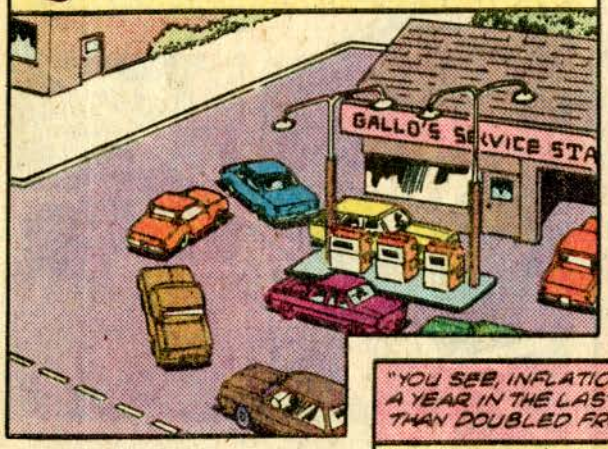
"OIL IMPORTS PEAKED IN 1979 AT NEARLY TWICE THE 1973 LEVEL--ITS COST INCREASED ABOUT 5½ TIMES."

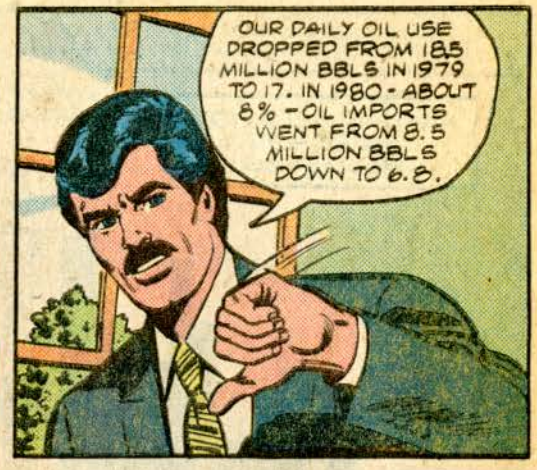
OIL IMPORTS AND COSTS 1973-1979

"IN 1979 OIL IMPORTS COST $66 BILLION--AN AVERAGE OF $250 FOR EVERY U.S. CITIZEN!"

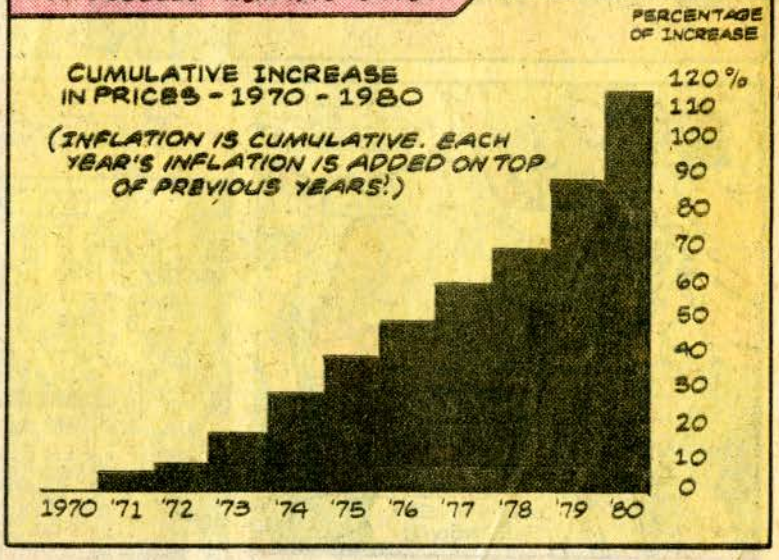


"BUT BY 1980, WHEN GASOLINE WENT TO $1.22 A GALLON, WE BEGAN TO CONSERVE--MORE SMALL CARS--LESS DRIVING. WE USED LESS ELECTRICITY TOO. WE WERE MORE CAREFUL."

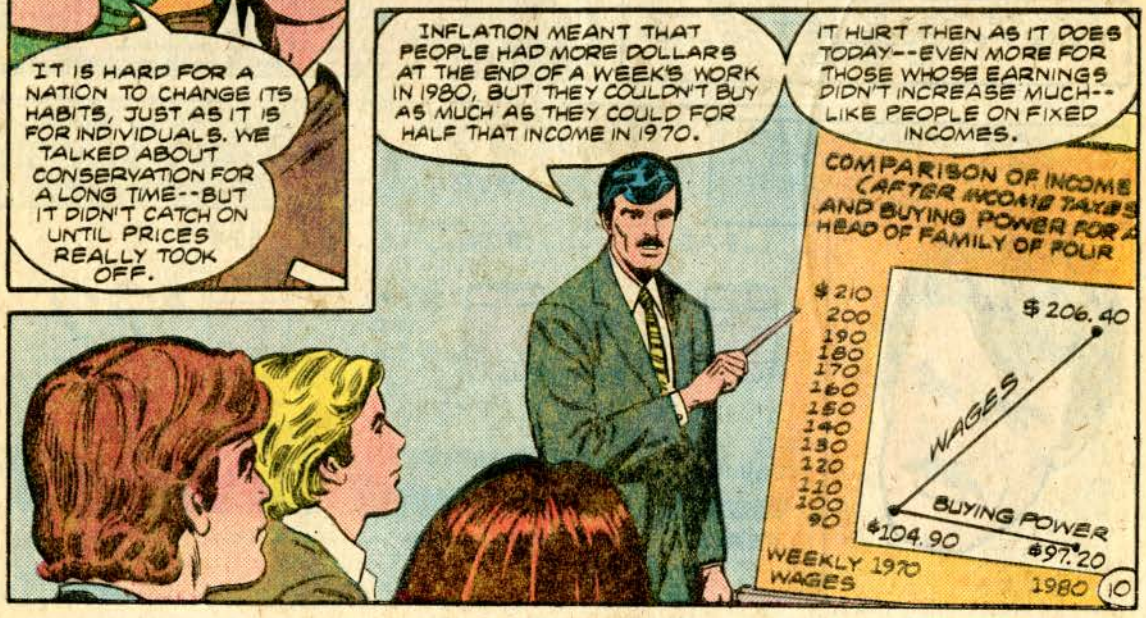



OUR DAILY OIL USE DROPPED FROM 18.5 MILLION BBLS IN 1979 TO 17. IN 1980 - ABOUT 8% - OIL IMPORTS WENT FROM 8.5 MILLION BBLS DOWN TO 6.8.

"YOU SEE, INFLATION CONTINUED TO HURT. IT AVERAGED 9%+ A YEAR IN THE LAST HALF OF THE DECADE--PRICES MORE THAN DOUBLED FROM 1970 TO 1980."



I JUST DON'T UNDERSTAND--WHY DID IT TAKE US SO LONG TO START CONSERVING?
IT IS HARD FOR A NATION TO CHANGE ITS HABITS, JUST AS IT IS FOR INDIVIDUALS. WE TALKED ABOUT CONSERVATION FOR A LONG TIME--BUT IT DIDN'T CATCH ON UNTIL PRICES REALLY TOOK OFF.



I HAVE ASKED MR. MOSS FROM CAPITAL ELECTRIC COMPANY, TO VISIT OUR CLASS TOMORROW.

ELECTRIC UTILITIES HAVE BEEN PARTICULARLY HARD HIT BY INFLATION -- HIGH FUEL COSTS, BIG CONSTRUCTION, AND HIGH INTEREST RATES.

HE WILL GIVE US A DETAILED LOOK AT HOW INFLATION HAS AFFECTED ONE INDUSTRY.

NEXT DAY...

MR. PHELPS HAS FILLED ME IN ON YOUR STUDY OF INFLATION!

HE CERTAINLY HIT THE NAIL ON THE HEAD WHEN HE SAID IT HAS HIT ELECTRIC UTILITIES HARD!

"YOU'LL SEE, FIRST, LET'S LOOK BACK TO WHAT FUEL COSTS WERE BEFORE INFLATION..."

1970 AVERAGE FUEL COSTS TO GENERATE ELECTRICITY

FUEL	% OF ELECTRICITY GENERATED	COST
COAL	45.95	$7.08 TON
OIL	12.01	$2.45 PER BBL
GAS	24.35	.28¢ PER 1000 CF
HYDRO	16.19	FREE
URANIUM (FOR NUCLEAR)	1.44	$6.20 PER LB.

"THEN IMPORTED OIL WENT UP NEARLY 14 TIMES. THIS HAD A RIPPLE EFFECT ON THE COST OF MANY PRODUCTS PARTICULARLY OTHER FUELS."

BBL OIL

$2.96 PER BBL IMPORTED 1970

BBL OIL

$34. PER BBL IMPORTED 1980

"COAL WHICH IN 1980 GENERATED OVER HALF OF OUR ELECTRICITY..."

COAL $7.08-TON

1970

COAL $28.81-TON

1980

"...ROSE MORE THAN 300% IN THE '70'S."

BY 1980 FUEL ACCOUNTED FOR 40% OF THE COST OF ELECTRICITY- TWICE WHAT IT WAS IN 1970.

THIS HELPED PUSH UP THE COST OF ELECTRICITY.

1970

ELECTRIC BILLS

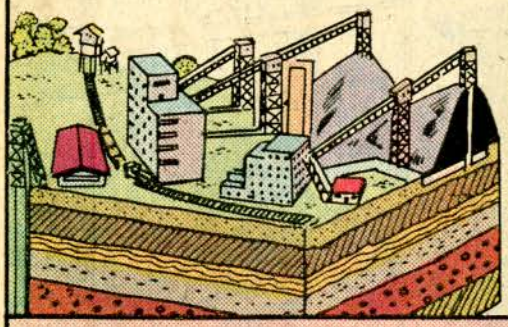
20% FUEL COST

1980

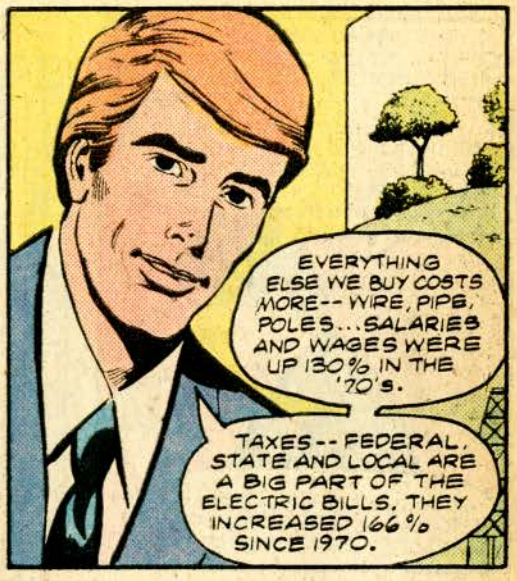
ELECTRIC BILLS

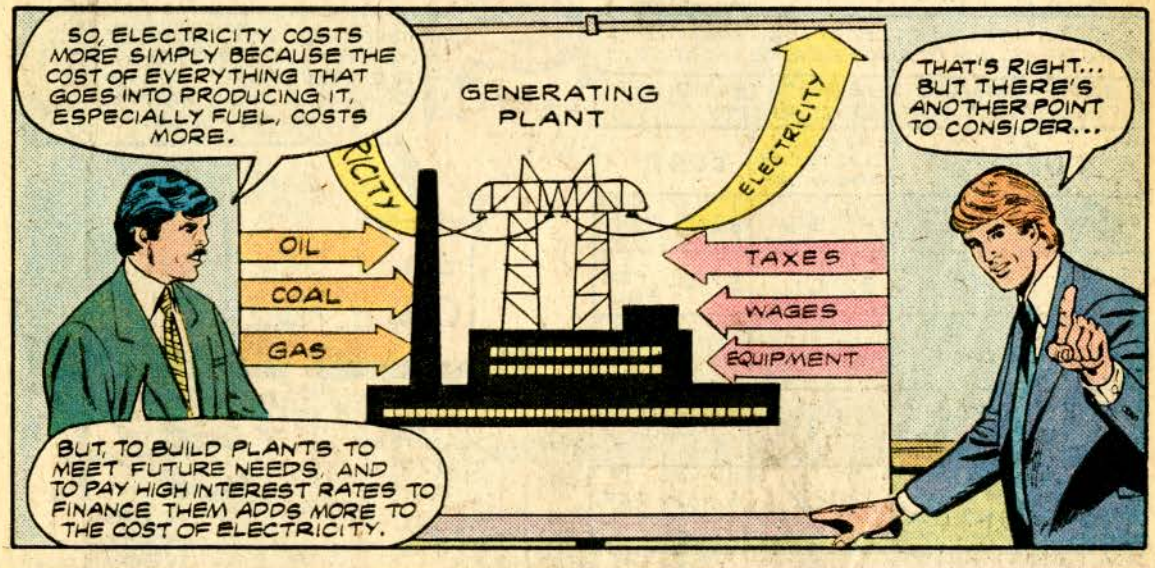
40% FUEL COST

"CONSTRUCTION COSTS MUSHROOMED DURING THE 70'S AND OFTEN A COAL GENERATING PLANT THAT COST PERHAPS $90 MILLION IN 1970, COST $300 MILLION IN 1980."

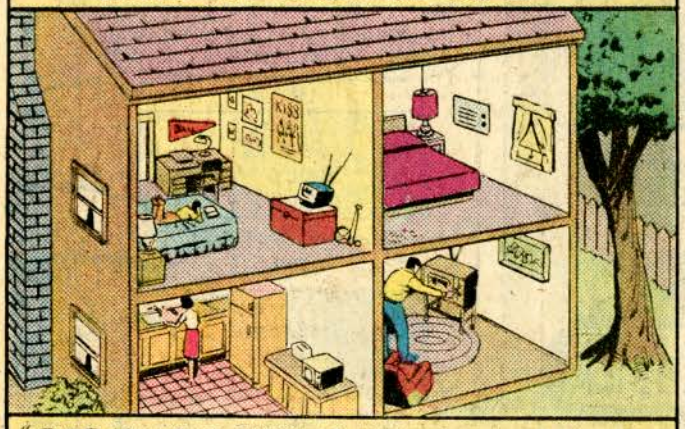


"AND FINANCING--UTILITIES PAID HIGH INTEREST --OFTEN AS MUCH AS 12% AND MORE FOR THE $125 BILLION THEY BORROWED IN THE '70'S TO BUILD PLANTS--THREE TIMES MORE THAN IN 1950."


EVERYTHING ELSE WE BUY COSTS MORE--WIRE, PIPE, POLES...SALARIES AND WAGES WERE UP 130% IN THE '70'S.
TAXES--FEDERAL, STATE AND LOCAL ARE A BIG PART OF THE ELECTRIC BILLS, THEY INCREASED 166% SINCE 1970.

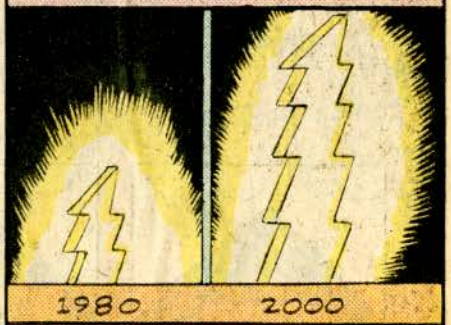

SO, ELECTRICITY COSTS MORE SIMPLY BECAUSE THE COST OF EVERYTHING THAT GOES INTO PRODUCING IT, ESPECIALLY FUEL, COSTS MORE.
GENERATING PLANT
ELECTRICITY
OIL
COAL
GAS
TAXES
WAGES
EQUIPMENT
THAT'S RIGHT... BUT THERE'S ANOTHER POINT TO CONSIDER...
BUT, TO BUILD PLANTS TO MEET FUTURE NEEDS, AND TO PAY HIGH INTEREST RATES TO FINANCE THEM ADDS MORE TO THE COST OF ELECTRICITY.

"BILLS ARE ALSO HIGHER BECAUSE PEOPLE USE MORE ELECTRICITY...AVERAGE RESIDENTIAL USE WAS UP 30% IN THE '70S..."



"JUST ASK YOUR PARENTS HOW MANY MORE ELECTRIC APPLIANCES THEY HAVE NOW THAN IN 1970."

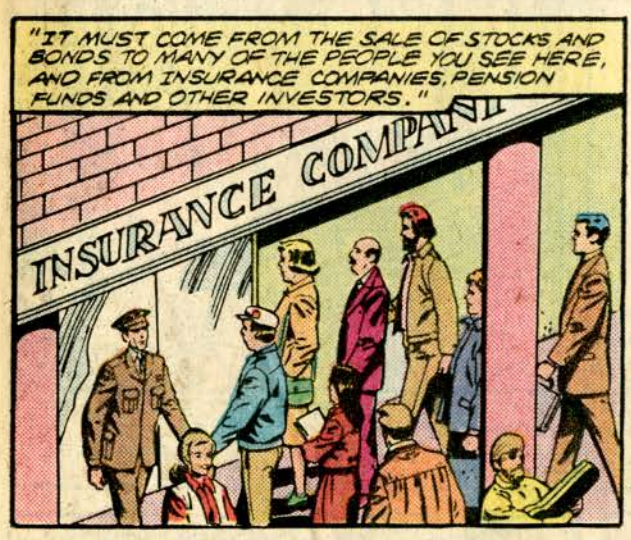
"ELECTRICITY IS ESSENTIAL IN AN INDUSTRIAL NATION LIKE OURS - AND WILL BECOME EVEN MORE VITAL BECAUSE U.S. INDUSTRY IS GROWING."

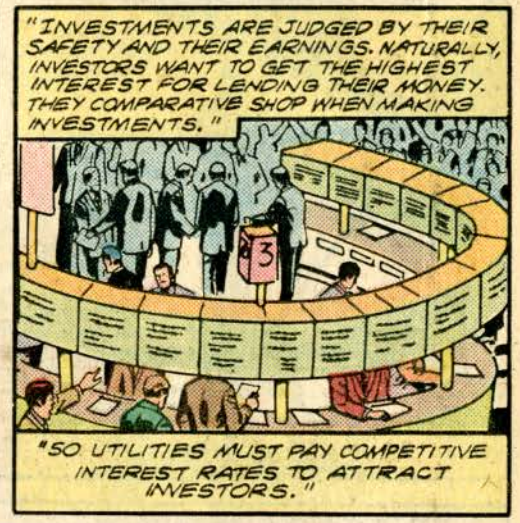


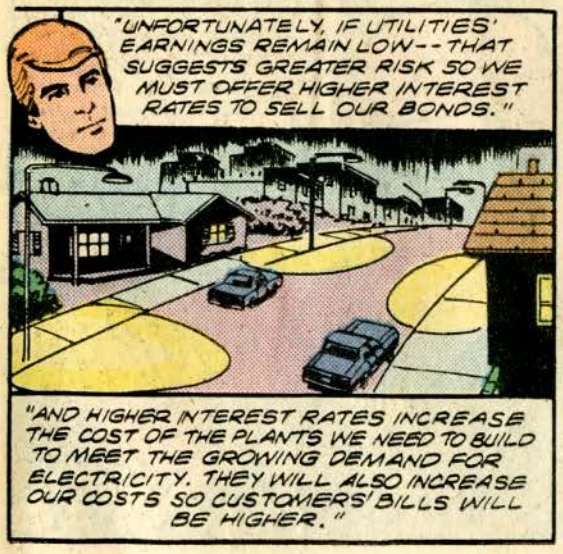
"BY THE NEW CENTURY - YOU'LL BE IN YOUR 30'S THEN - WE'LL NEED NEARLY ONE AND ONE-HALF TIMES MORE ELECTRICITY THAN WE USED IN 1980!"

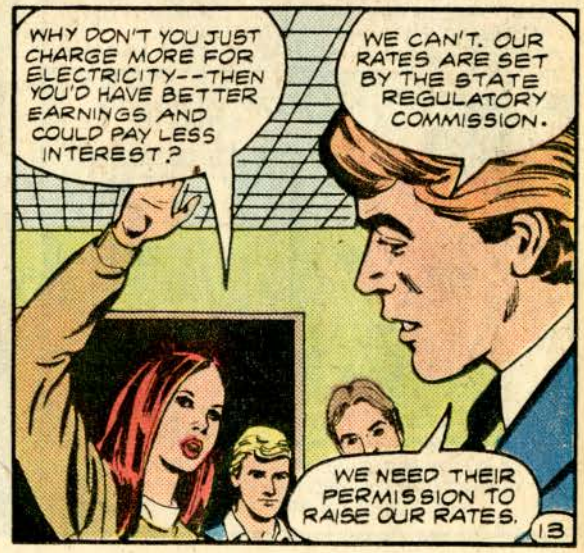
SO, WE WILL NEED NEW COAL AND NUCLEAR PLANTS, AND WE MAY HAVE TO CONVERT SOME OIL PLANTS TO COAL.
AND THAT MEANS RAISING A LOT MORE MONEY.
GENERATING PLANT
ELECTRICITY

BY THE YEAR 2000, UTILITIES WILL HAVE TO BORROW $1.5 TRILLION -- THAT'S $1.5 MILLION MILLIONS -- TO BUILD AND TO PAY OFF EARLIER BORROWINGS.
BUT WHERE ARE YOU GOING TO GET ALL THAT MONEY?
GAS
EUM

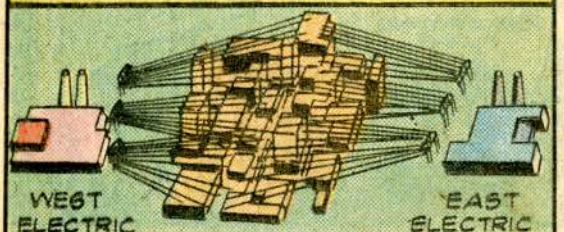

"IT MUST COME FROM THE SALE OF STOCKS AND BONDS TO MANY OF THE PEOPLE YOU SEE HERE, AND FROM INSURANCE COMPANIES, PENSION FUNDS AND OTHER INVESTORS."
INSURAVCE COMPANY


"INVESTMENTS ARE JUDGED BY THEIR SAFETY AND THEIR EARNINGS. NATURALLY, INVESTORS WANT TO GET THE HIGHEST INTEREST FOR LENDING THEIR MONEY. THEY COMPARATIVE SHOP WHEN MAKING INVESTMENTS."
"SO UTILITIES MUST PAY COMPETITIVE INTEREST RATES TO ATTRACT INVESTORS."


"UNFORTUNATELY, IF UTILITIES' EARNINGS REMAIN LOW -- THAT SUGGESTS GREATER RISK SO WE MUST OFFER HIGHER INTEREST RATES TO SELL OUR BONDS."
"AND HIGHER INTEREST RATES INCREASE THE COST OF THE PLANTS WE NEED TO BUILD TO MEET THE GROWING DEMAND FOR ELECTRICITY. THEY WILL ALSO INCREASE OUR COSTS SO CUSTOMERS' BILLS WILL BE HIGHER."

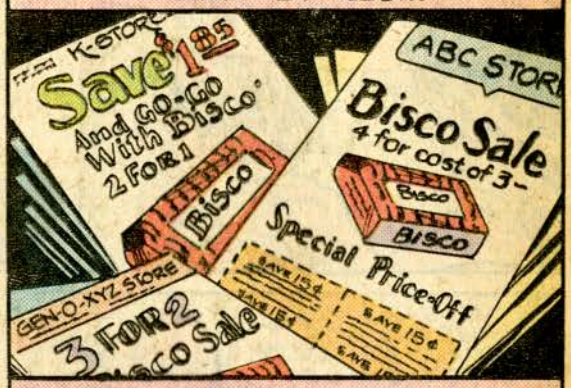

WHY DON'T YOU JUST CHARGE MORE FOR ELECTRICITY -- THEN YOU'D HAVE BETTER EARNINGS AND COULD PAY LESS INTEREST?
WE CAN'T. OUR RATES ARE SET BY THE STATE REGULATORY COMMISSION.
WE NEED THEIR PERMISSION TO RAISE OUR RATES.

"ELECTRIC UTILITIES, LIKE GAS, TELEPHONE, AND WATER COMPANIES, ARE MONOPOLIES. ONLY ONE SYSTEM SERVES A GIVEN SERVICE AREA."



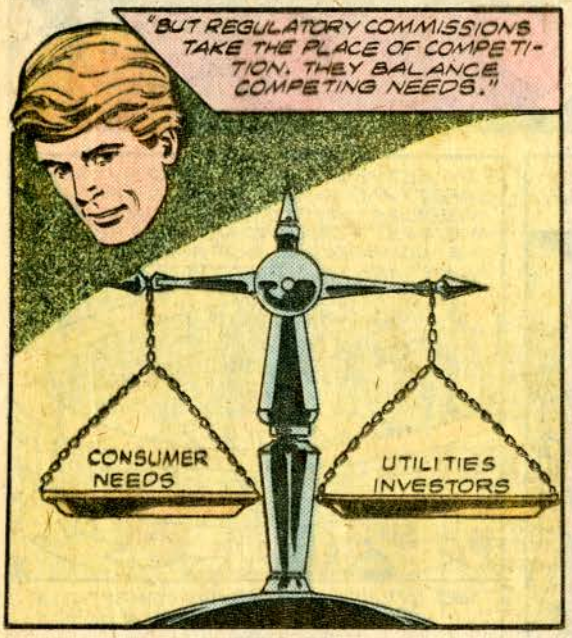
"THE COST OF BUILDING AND MAINTAINING MORE THAN ONE SYSTEM WOULD INCREASE COSTS WHICH WOULD MEAN HIGHER ELECTRIC BILLS."

"SO WITH ONE UTILITY IN TOWN, YOU CAN'T COMPARE PRICES..."



"LIKE YOU CAN COMPARE FOOD PRICES -- THEY ARE VERY EASY TO CHECK!"

"BUT REGULATORY COMMISSIONS TAKE THE PLACE OF COMPETITION. THEY BALANCE COMPETING NEEDS."

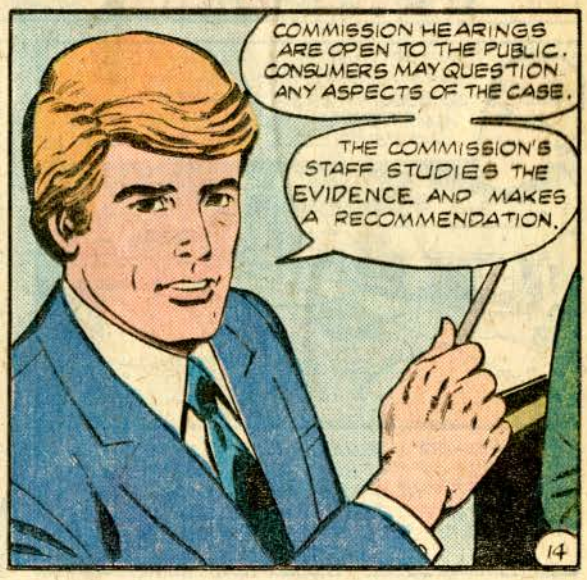


"THE COMMISSION'S OBJECTIVE IS TO INSURE FAIR RATES TO CONSUMERS WHILE PERMITTING THE UTILITY..."

"...TO EARN ENOUGH MONEY TO PAY THE COST OF PROVIDING SERVICE, AND ALSO PAY INVESTORS WHAT THEY COULD EARN ELSEWHERE."

"TO APPLY FOR A RATE INCREASE, THE UTILITY MUST PRESENT DETAILS ON ALL PHASES OF ITS OPERATIONS FOR THE PRECEDING 12 MONTHS AS WELL AS PROJECTING FOR THE FUTURE."

"THE COMMISSION'S STAFF STUDIES THE APPLICATIONS, QUESTIONING THE UTILITY AND CONSUMERS' GROUP."


COMMISSION HEARINGS ARE OPEN TO THE PUBLIC. CONSUMERS MAY QUESTION ANY ASPECTS OF THE CASE.
THE COMMISSION'S STAFF STUDIES THE EVIDENCE AND MAKES A RECOMMENDATION.

IN MOST STATES A HEARING EXAMINER CONDUCTS THE PROCEEDINGS, CROSS-EXAMINING WITNESSES FROM BOTH THE UTILITY AND CONSUMER GROUPS."

HEARING EXAMINER

"THEN THE EXAMINER MAKES RECOMMENDATIONS TO THE FULL COMMISSION."

"THE COMMISSION REVIEWS THE RECORD. THEN IT MAKES ITS DECISION."

OUR DECISION ON THIS RATE CASE IS...

STATE REGULATORY COMMISSION

SO, YOU CAN SEE APPLICATIONS ARE THOROUGHLY STUDIED... SOME ARE GRANTED, SOME ARE DENIED. OFTEN UTILITIES ARE GRANTED MUCH LESS THAN THEY REQUESTED.

"USUALLY IT REQUIRES NEARLY A YEAR BETWEEN THE TIME THE APPLICATION IS FILED, AND THE DECISION IS MADE... WITH HIGH INFLATION THIS OFTEN MEANS THAT THE UTILITY'S INCREASE HAS ALREADY BEEN LOST. THIS IS KNOWN AS REGULATORY LAG."

JAN. FEB. MAR. APR. MAY JUNE JULY AUG. SEPT. OCT. NOV. DEC.

RATE INCREASE APPLIED FOR

GRANTED OR DENIED

"RECENTLY, THERE'S BEEN A TENDENCY TO GRANT INCREASES BECAUSE COMMISSIONERS REALIZE THAT WITHOUT THEM UTILITIES WON'T BE ABLE TO COMPETE FOR INVESTORS' MONEY."

NO ONE LIKES HIGHER BILLS FOR ANYTHING - BUT THE PROSPECT OF NOT HAVING ENOUGH ELECTRICITY IS VERY FRIGHTENING.

UTILITIES MUST PROVIDE INVESTORS A GOOD RETURN TO BE ABLE TO RAISE THE CAPITAL NECESSARY TO MEET FUTURE ELECTRICITY DEMANDS!

WE MUST PLAN TODAY FOR TOMORROW'S NEEDS!

STATE REGULATORY COMMISSIONER

I'VE TRIED TO SHOW THE IMPACT OF INFLATION ON ELECTRIC BILLS AND HOW OUR RATES ARE SET. NOW ANY QUESTIONS?

MR. MOSS, WILL ELECTRIC BILLS CONTINUE TO INCREASE?
HOW ABOUT SOLAR, COAL GASIFICATION AND OTHER NEW SOURCES OF ENERGY? WON'T THEY HELP?
FIRST, ELECTRIC RATES WILL CONTINUE RISING AS FUEL GETS SCARCER AND MORE COSTLY... AND INFLATION CONTINUES.
"NOW, ABOUT NEW ENERGY SOURCES - THERE IS MUCH RESEARCH IN THE WORKS, BUT ENERGY WON'T BE AVAILABLE FROM THEM IN BIG AMOUNTS UNTIL AT LEAST THE NEW CENTURY."
COAL GASIFICATION
SOLAR ENERGY
FUSION
NO MORE HANDS UP-- OK, THANKS AGAIN MR. PHELPS... GOOD LUCK TO YOU ALL!
THANKS FOR EXPLAINING HOW INFLATION HAS AFFECTED YOUR INDUSTRY... AND OUR BILLS.
LATER, IN THE SOCIAL STUDIES CLASS...
NOW THE BIG QUESTION IS--WHAT CAN YOU DO NOW TO HELP STOP IT?
WE'VE LEARNED MORE ABOUT INFLATION AND HOW MUCH IT HURTS EACH OF US.
VOTE WHEN WE'RE 18!
SHOP WISELY-- COMPARE PRICES IN DIFFERENT STORES, BUY WHAT SEEMS "LESS INFLATED."
DRIVE LESS. DON'T WASTE GASOLINE OR ELECTRICITY.
THAT'S RIGHT! WE SHOULDN'T WASTE ENERGY AND WE ALL MUST BE ACTIVE CITIZENS-- LEARN MORE ABOUT ECONOMICS AND HOW OUR GOVERNMENT WORKS.
WHAT ARE THE BEST WAYS TO DO THIS?
READ THE PAPERS AND WATCH THE TV NEWS.
BE ACTIVE IN COMMUNITY AFFAIRS--
WRITE OUR CONGRESS-MEN!
VOTE WHEN WE CAN AND HELP ELECT THE BEST CANDIDATES.
RIGHT! WE CAN ALL STOP WASTING ENERGY NOW AND GET ACTIVE IN COMMUNITY AFFAIRS AND LEARN WHAT THE CANDIDATES STAND FOR, AND WHEN YOU'RE 18 START VOTING REGULARLY.
AFTER ALL, OUR COUNTRY AND OUR ECONOMY ARE WHAT WE MAKE THEM!
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